

Message Text

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ACTION EA-13

INFO OCT-01 SS-14 ISO-00 IO-03 NSC-07 NSCE-00 PM-03

CIAE-00 INR-10 NSAE-00 RSC-01 DODE-00 OMB-01 TRSE-00

CIEP-01 SP-01 ABF-01 AID-10 EUR-10 L-02 DPW-01 NEA-06

PRS-01 DRC-01 /087 W

----- 052644

R 091000Z JUL 74

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC 6585

INFO AMEMBASSY BUDAPEST

AMEMBASSY JAKARTA

AMEMBASSY TEHRAN

AMEMBASSY WARSAW

USDEL JEC PARIS

C O N F I D E N T I A L SAIGON 9048

LIMDIS

E.O. 11652: GDS

TAGS/ MARR AFIN VS

SUBJECT: ICCS FINANCES: U.S. CONTRIBUTIONS

REF: STATE 144436

1. TWO MEETINGS RECENTLY I HAVE HAD WITH AMBASSADOR SADRY, CHIEF, IRANIAN DEL, ICCS, HAVE REVEALED THAT THE DEBATE PROCEEDS UNABATED WITHIN THE ICCS ON HOW TO REPLY TO THE U.S. NOTE TRANSMITTING OUR MOST RECENT CONTRIBUTION, WHICH, AT INSTRUCTION OF DEPARTMENT, INCLUDED LIMITATION OF ITS USE TO PAYMENT OF U.S. CONTRACTORS. HUNGARIANS AND POLES INSIST ON REJECTING PRINCIPLE OF LINKAGE. INDONESIANS HAVE NOW TENTATIVELY GONE ALONG. IRANIANS STILL HOLDING OUT ALTHOUGH THEY TOO REGARD INCLUSION OF ATTEMPT AT LINKAGE AS WORST DIPLOMATIC BLUNDER USG HAS YET MADE IN ITS HANDLING OF ICCS. IRANIANS, FOR THE MOMENT, WILL CONTINUE TO INSIST AS
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CONDITION TO THEIR AGREEMENT ON INCLUSION ALSO OF LANGUAGE

CALLYING GUARDED BUT UNMISTAKEABLE SPECIFIC ATTENTION TO FAILURE OF DRV/"PRG" TO MAKE DPLEDGED CONTRIBUTIONS AS PRIME SOURCE OF ICCS FINANCIAL DIFFICULTIES. HUNGARIANS AND POLES WILL NOT AGREE.

2. SADRY SAID HE HAD PARTIALLY DEFUSED MATTER BY INSTRUCTING IRANIAN ACTING ICCS DIRECTOR GENERAL TO HOLD \$150 THOUSAND ASIDE, OSTENSIBLY FOR DELEGATION PAYMENTS. HE ALSO SAID THAT IF WE NOW PAY THE BALANCE WE HAVE CURRENTLY AVAILABLE, THE PRESSURE TO MAKE SOME PAYMENTS TO DELEGATIONS WOULD BE IRRESISTABLE. I SAID, THEREFORE, WE WOULD WAIT A WHILE UNTIL THE DEBT TO THE CONTRACTORS HAD REACHED LIMIT BEYOND WHICH THEY WOULD NO LONGER CARRY ICCS. WE CALCULATE THIS TO BE ANOTHER TEN DAYS OR TWO WEEKS.

3. SADRY ASKED HOW USG EVER GOT ITSELF IN POSITON WHERE IT WOULD IMPOSE LIMITATION WHICH WAS CLEARLY NOT SELF-ENFORCEABLE THEREBY PUTTING OURSELVES IN POSITION WHERE COMMUNIST DELEGATIONS COULD IGNORE US. I SAID THAT WAS TOO LONG A STORY WITH WHICH TO BORE HIM. SADRY SAID IT WOULD BE DIFFERENT IF CONTINUATION OF ICCS MATTERED TO ANYONE BUT THE UNITED STATES. CERTAINLY ALL THE DELEGATIONS WOULD WELCOME AN EXCUSE TO GO HOME PARTICULARLY SINCE THEIR HOME GOVERNMENTS SAW NO GAIN BUT A LOSS IN THEIR BILATERAL RELATIONS AS A RESULT OF THEIR PARTICIPATION. UNLESS WE COULD SEE A WAY OUT OF THE DILEMMA, HE THOUGHT THERE WOULD BE REAL TROUBLE IN THE NEXT FEW MONTHS. I SAID I WOULD SEE WHAT I COULD DO ON MY FORTHCOMING VISIT TO WASHINGTON. I TOLD SADRY THAT HE MIGHT SUGGEST TO HIS POLISH AND HUNGARIAN COLLEAGUES THAT THEY DEDUCT THEIR DELEGATION EXPENSES FROM THE NEXT TRANCHE OF THEIR ECONOMIC AID PAYMENTS TO HANOI. SADRY SAID THAT WOULD BE FUND BUT NOT WITHIN PRACTICAL REALITY.

4. COMMENT: PERHAPS WASHINGTON WILL AGAIN EXPLORE REAL REASONS WHY THESE CONTRACTS CANNOT BE SUBSUMED WITHIN EXISTING USG CONTRACTS WITH THESE SAME FIRMS. SINCE IT IS LEGAL, WHY DO WE NOT PROCEED WITH THE INEVITABLE?

5. REFERENCE TO GVN CONTRIBUTION PARA 4 REFTEL IS ALSO NOT FEASIBLE IN VIEW OF WHAT HAPPENED TO THEIR LAST CONTRIBUTION.
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IN ANY EVENT, TO ASK FOR THIS FURTHER DRAIN ON THEIR FX RESERVES JUST NOW SIMPLY IS NOT IN USG NATIONAL INTERESTS.

6. UNDER THE CIRCUMSTANCES WE WILL NOT REPEAT NOT USE THE LIMITATION LANGUAGE IN THE NEXT NOTE.
MARTIN

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